



Australian Silica Quartz Group Ltd

ABN 72 119 699 982

INTERIM FINANCIAL REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the period ended 30 June 2022 and any public announcements made by Australian Silica Quartz Group Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Directors' Report

Your directors submit their report on the consolidated entity (referred to hereafter as the Group) consisting of Australian Silica Quartz Group Ltd (ASQ) and the entities it controlled at the end of, or during, the half-year ended 31 December 2022.

DIRECTORS

The names of the Company's directors who held office at the end of the half-year are as follows.

Robert Nash – Non Executive Chairman

Neil Lithgow – Non Executive Director

Luke Atkins – Non Executive Director

Pengfei Zhao – Non Executive Director

REVIEW OF OPERATIONS

BUSINESS DIRECTION AND BOARD STRATEGY

During the half-year ending 31 December 2022 the Company's main focus has been the exploration and development of silica sand projects in Western Australia, hard rock silica quartz projects in WA and Far North Queensland, Darling Range bauxite projects held within the HD Mining Joint Venture and exploration of the South Stirling Project in WA for Nickel/Copper sulphide deposits.

The Koolyanobbing Metals Project was established following the acquisition of exploration ground from a private investor group adjoining existing ASQ tenements. Preliminary exploration has commenced with encouraging gold in soils anomalies detected.

Exploration of the Sovereign Copper Nickel PGE prospect on ASQ's tenement E70/3405 advanced at a rapid pace under the joint venture between ASQ and DevEx Resources Limited ("DevEx", ASX: DEV).

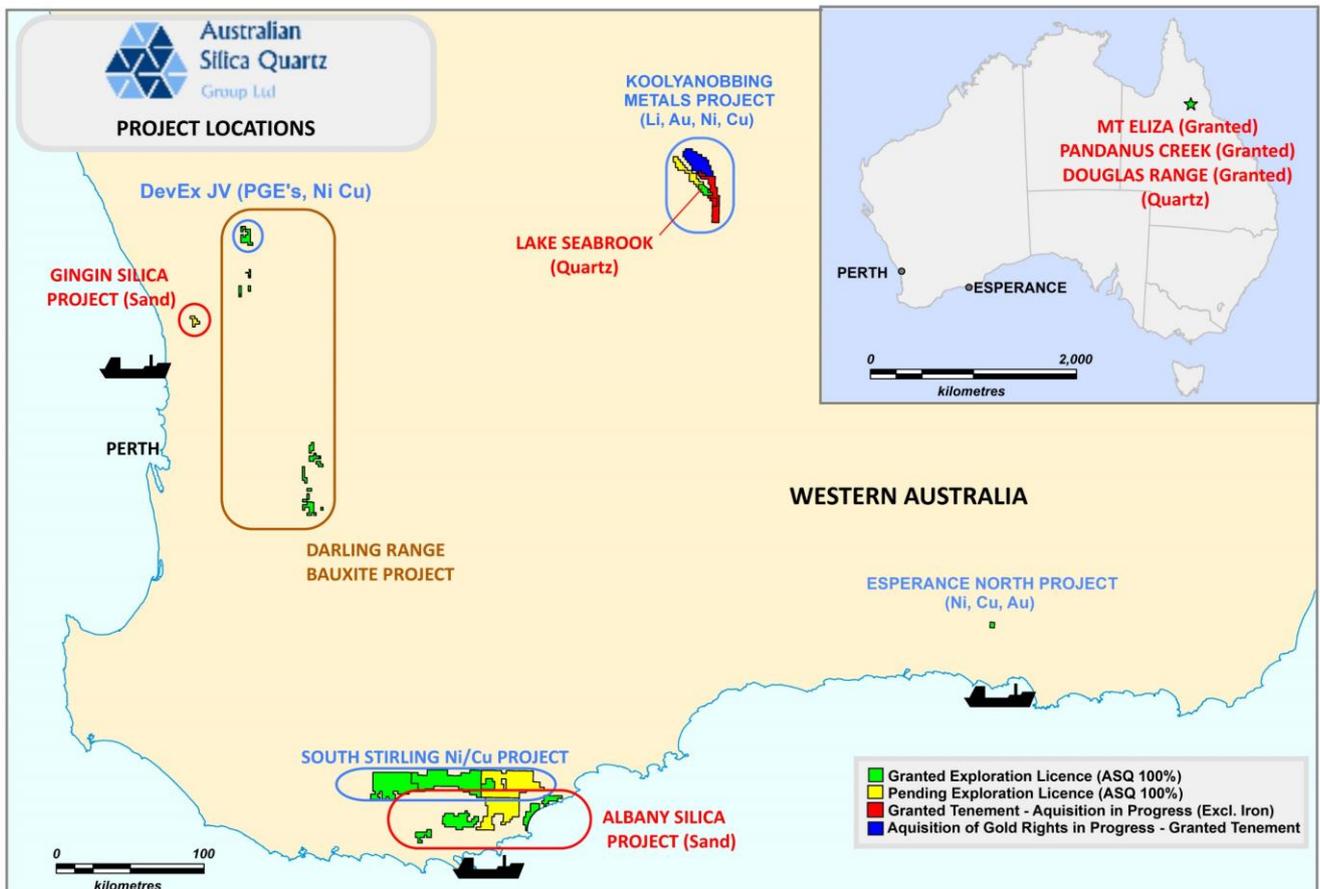


Figure 1: ASQ Project Locations

Directors' Report cont.

KOOLYANOBING METALS PROJECT (KMP)

ASQ has acquired exploration ground from a private investor group adjoining current ASQ tenements in the highly prospective Koolyanobbing Greenstone Belt with the combined tenure forming the Koolyanobbing Metals Project (KMP). Total KMP lease areas will be 204km² of granted tenure and 112km² in application with the gold rights to a further 201km², all excluding iron rights (ASQ (2022). *ASQ Acquires Li/Au/Ni/Cu Ground. ASX Release 11 August 2022*).

ASQ considers the project underexplored and prospective for gold, high purity silica in hardrock quartz, nickel, lithium, and copper. Preliminary target generation has been completed, identifying numerous gold, nickel and copper targets for follow-up.

374 soil samples were collected across the Golden Wishbone Gold Trend, an area of strong gold anomalism that includes the historic small scale gold mining recorded at the Golden Wishbone Shaft in the late 1930's with 204 ounces produced at an average grade of 18g/t and no modern exploration recorded.

Results from these samples are highly encouraging. ASQ considers background gold in soils to be 1-4ppb with anything over 10ppb Au anomalous. Of the 373 samples assayed, 53 returned results of 10ppb Au or greater and 16 samples had greater than 25ppb Au with a peak result of 88ppb Au (ASQ (2022). *Extensive Gold in Soils Anomalies Detected. ASX Release 7 December 2022*).

Planning is underway to complete infill soil sampling and more detailed regolith and landform mapping in the anomalous areas early in 2023 with drilling to follow.

A further 1,372 soil samples were collected from prospective areas within the Project in late 2022, with results expected in Q1 2023.

Ground electromagnetic surveys across a number of targets are underway and expected to be completed in Q1 2023.

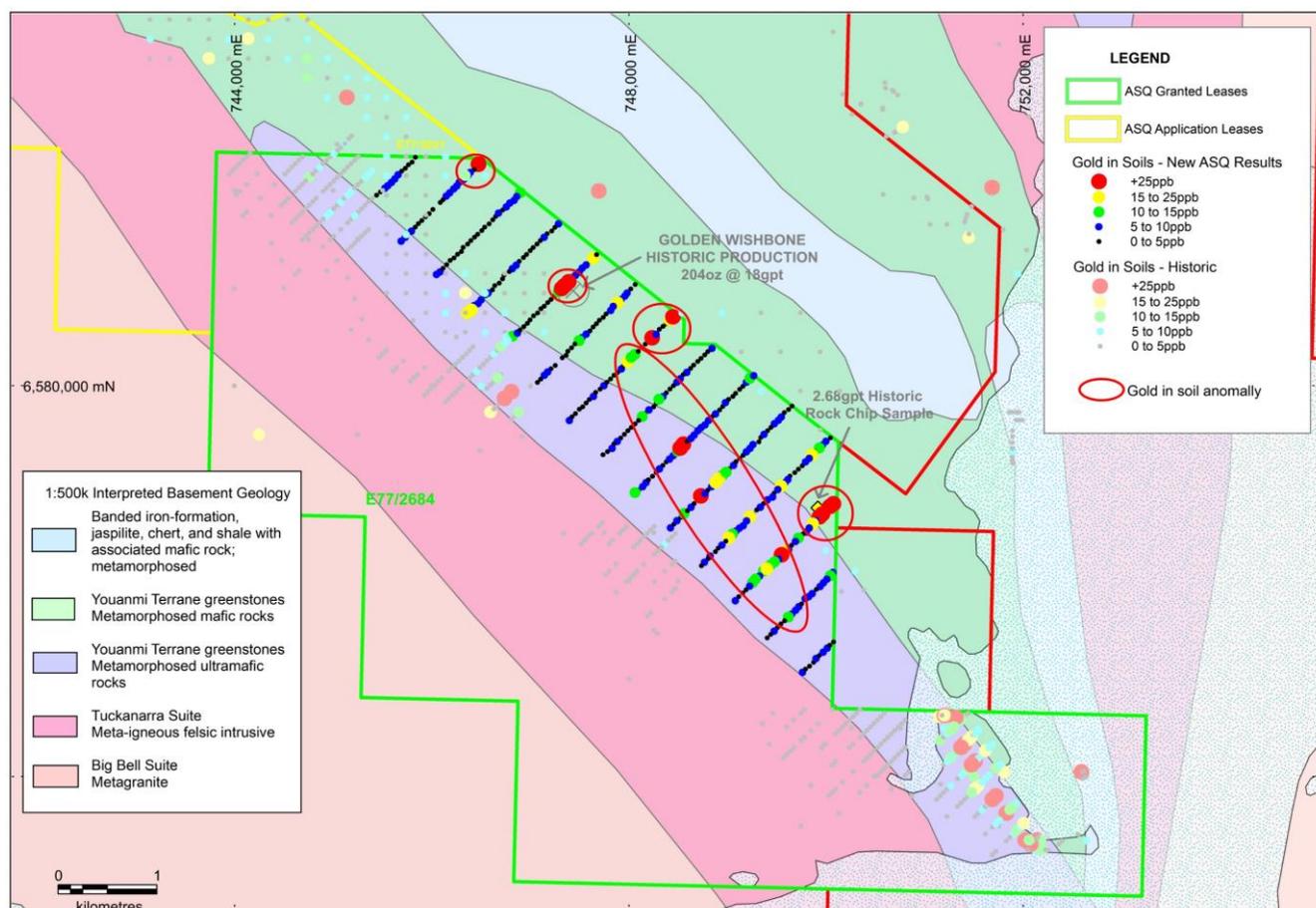


Figure 2: Golden Wishbone Soil Sampling Results

Directors' Report cont.

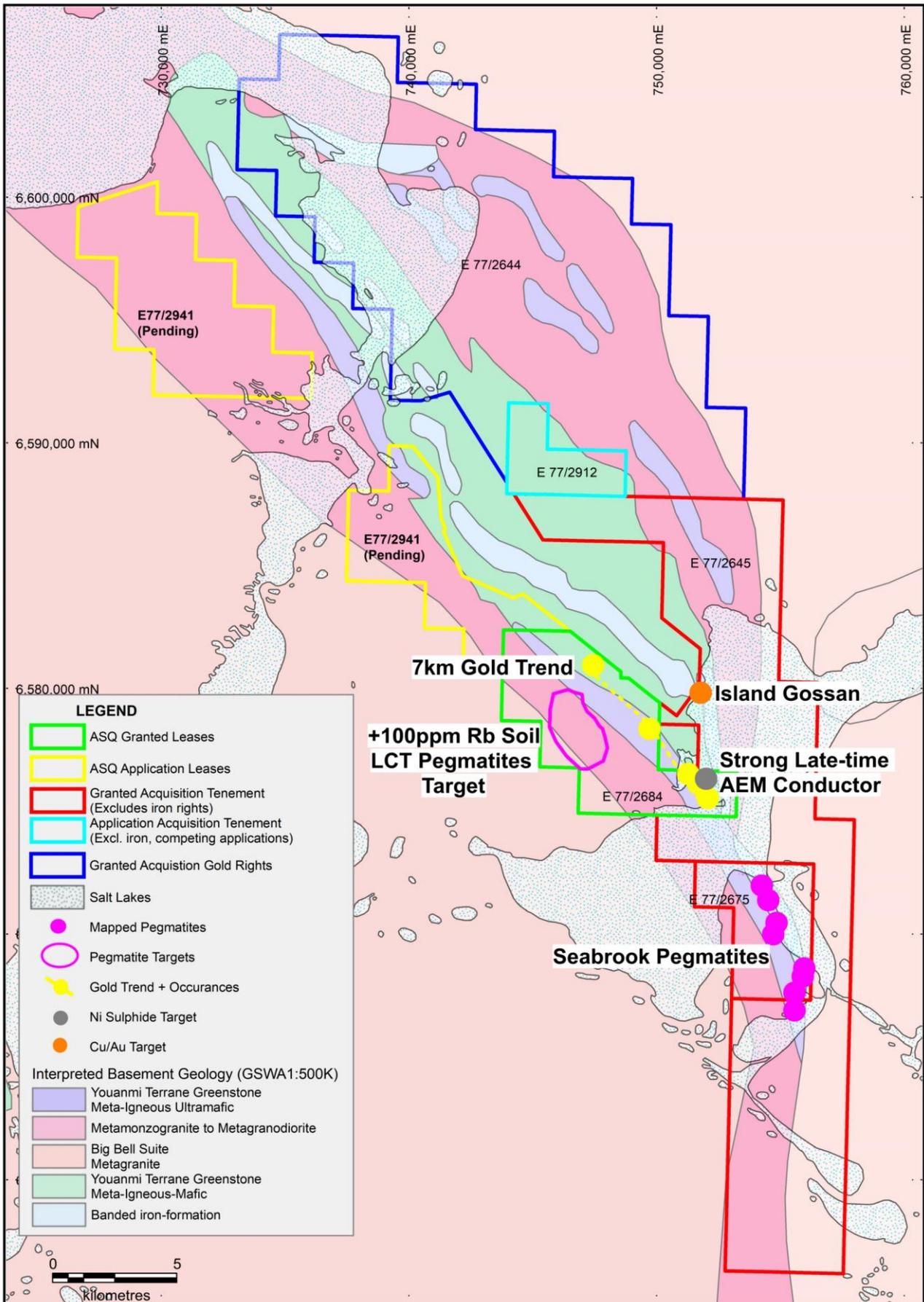


Figure 3: KMP Tenements and Priority Targets

Directors' Report cont.

JULIMAR ASQ/DEVEX JOINT VENTURE - NICKEL COPPER PGE'S

DevEx Resources Limited ("DevEx", ASX: DEV) is currently exploring the western half of the Sovereign mafic-ultramafic intrusion (E70/3405) under an Earn-In Agreement with ASQ. DevEx is earning-in to the non-bauxite rights of the tenement by an initial spend of \$3m to earn a 50% interest. Once DevEx has earned its initial 50% interest, ASQ may elect to contribute to further exploration to maintain its 50% interest, or opt to allow DevEx to spend an additional \$3m to earn a further 20% interest with ASQ diluting (ASQ (2020)). ASQ Reaches Agreement for Exploration Funding of its Tenement in Julimar Region, WA. ASX Release 1 June 2020).

E70/3405 and the Sovereign magnetic complex is located along strike from the globally significant Chalice Mining Ltd (ASX: CHN) nickel-copper-platinum group elements (Ni-Cu-PGE) 30km long Julimar Complex discovery to the south and the Caspin Resources Ltd (ASX:CPN) Yarawindah Brook Ni-Cu-PGE project to the north (see Figure 4).

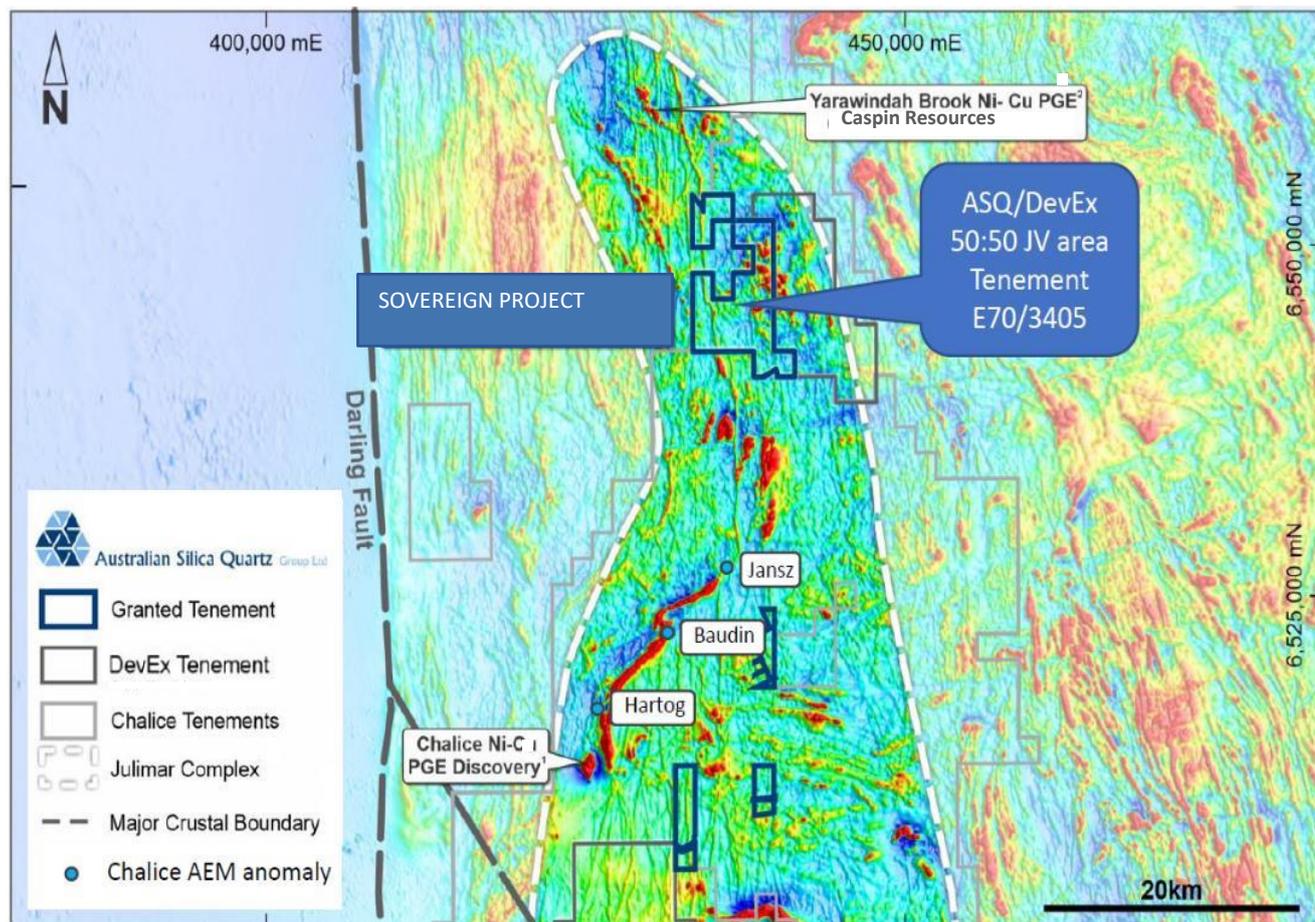


Figure 4: Julimar Complex Sovereign Project with existing Ni-Cu-PGE discoveries on Aeromagnetic RTP image

Three reconnaissance diamond holes completed in 2021 demonstrate a thick sequence of differentiated mafic-ultramafic intrusive rocks extending over the full length of the project. Within this diamond programme, several zones of disseminated (low grade) Ni-Cu sulphide mineralisation, together with signs of assimilation of the surrounding country, provide an indication of the potential for the intrusion to host concentrations of Ni-Cu-PGE mineralization.

Within the intrusion, several weak mid-time Moving Loop Electromagnetic (MLEM) anomalies show a spatial relationship with the ultramafic portions of the Sovereign intrusion near where reconnaissance diamond drilling identified disseminated Ni-Cu sulphides in 2021. Other weak mid-time anomalies are also recognised adjacent to several coincident magnetic-gravity anomalies.

With systematic ground-based electromagnetic (EM) surveys currently underway, DevEx also recently trialed two Induced Polarization (IP) traverses testing for near-surface disseminated nickel-copper-PGE sulphides within the prospective ultramafic rocks at Sovereign. Initial results from this trial survey have resulted in the identification of two near-surface IP chargeability anomalies. Two RC holes are underway to test these IP anomalies to determine whether they are related to disseminated nickel-copper-PGE mineralisation.

A review of Hole 2 indicates the presence of elevated PGEs together with copper sulphides at the base of the intrusion and in the underlying volcanic rocks. DevEx is in the process of extending Hole 2 to determine the extent of copper sulphides beneath the intrusion. (ASQ (2023)). *Drilling IP Anomalies at Sovereign*. ASQ 1 March 2023)

Directors' Report cont.

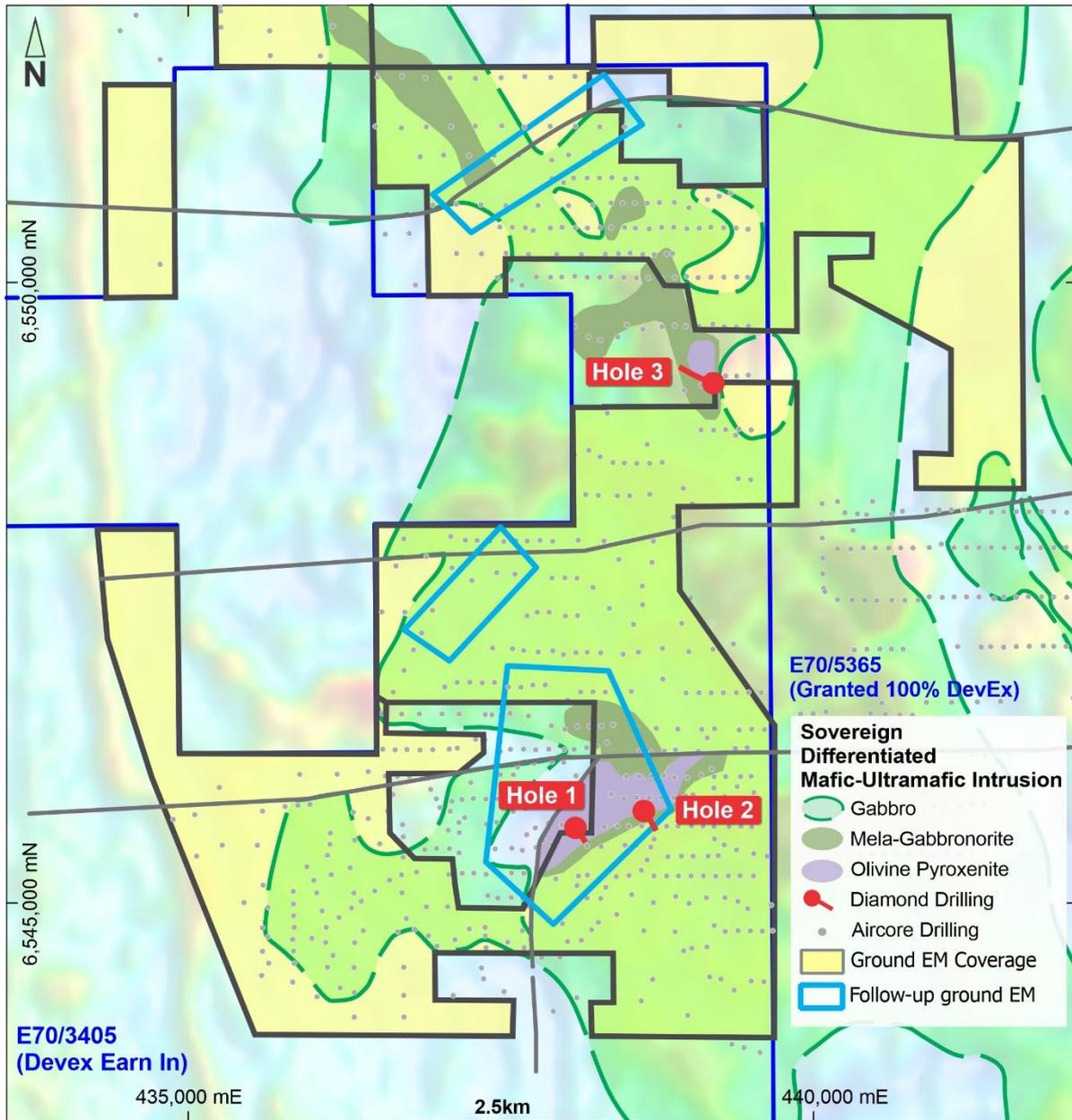


Figure 5: Sovereign Project: Current exploration activity testing the Sovereign Mafic-Ultramafic Intrusion

SILICA SAND PROJECTS – GINGIN & ALBANY

The Gingin Silica Sand Project consists of one application exploration licence located 20km north of Perth, the Albany Silica Sand Project consists of four granted exploration licences and one application exploration licence within 10-80 km of the Port of Albany.

Albany White Hill Silica Sand Project

The Company has completed a Mineral Resource Estimate on a property 70km east of Albany totalling 11.6 Mt with >99.9% SiO₂ and <50 ppm Fe₂O₃ and extends over a strike length of 1,650m and has a maximum width of 1,565m (ASQ (2021). Maiden High Grade, Low Iron, Silica Sand Resource. ASX Release 28 January 2021).

Directors' Report cont.

Table 1: Albany White Sand Hill Silica Sand Deposit January 2021 Inferred Mineral Resource Estimate

Size Fract	Tonnes Mt	Yield (%)	Fe ₂ O ₃ ppm	Al ₂ O ₃ ppm	TiO ₂ ppm	CaO ppm	K ₂ O ppm	Na ₂ O ppm	MgO ppm	ΣOx. %	SiO ₂ +LOI %
Fine	8.2	70.6	46	145	410	12	16	19	10	0.07	99.93
Coarse	3.4	29.1	43	137	668	6	12	19	3	0.09	99.91

Metallurgical testwork results indicate the silica sand is readily processed by conventional washing and gravity separation to produce a very high-grade silica sand product that has potential for industries such as general and specialty glass making including solar panel cover glass and optical glass (ASQ (2021). Maiden High Grade, Low Iron, Silica Sand Resource. ASX Release 28 January 2021).

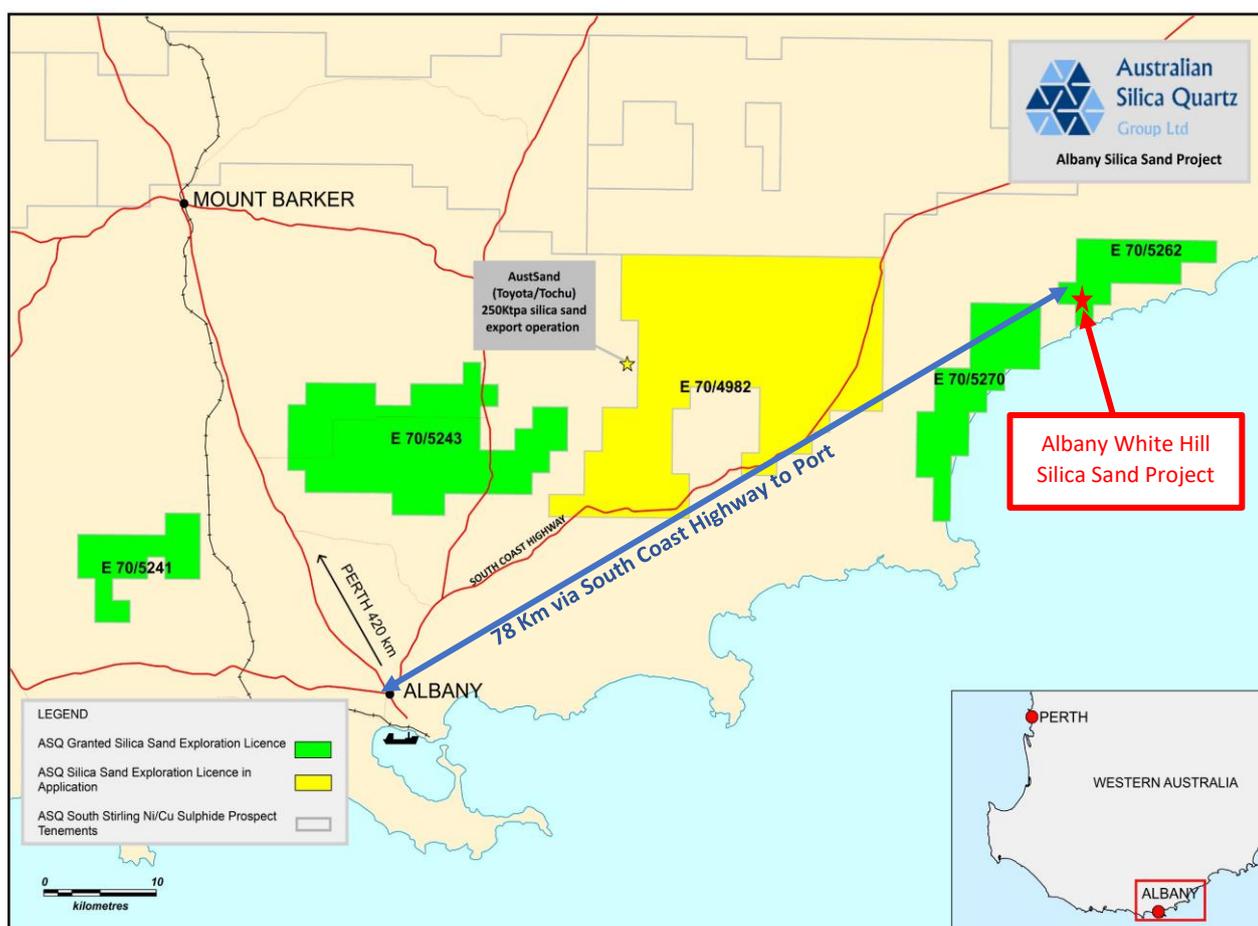


Figure 6: Location of the Albany White Hill Silica Sand Project on E70/5262 east of Albany. ASQ South Stirling Ni-Cu Sulphide tenements shown for context. Other holder tenements not shown.

A Scoping Study looking at the suitability of the deposit for development into a 0.5 – 1.0 Mtpa export operation is progressing. Preliminary assessment of metallurgy and process plant design, environmental assessment, water supply, the sand market and port access has given the Company confidence that these aspects of the project are achievable within the expected economic and regulatory constraints.

The transport of the sand 15-20km from the deposit to the South Coast Highway for road haulage into the Albany Port is the subject of ongoing further investigation.

Directors' Report cont.

ASQ/URBAN RESOURCES BUSINESS VENTURE - SILICA SAND PROJECT

ASQ has entered into a Memorandum of Understanding Terms Sheet ("Terms Sheet") with C&D Logistics Co., Ltd. ("C&D") for the offtake and export of silica sand product ASQ-GWSC1.

Chinese company C&D Logistics Co., Ltd. is a subsidiary of *Fortune* Global 500¹ company Xiamen C&D Inc. C&D approached ASQ in 2021 with interest in securing silica sand suitable for supplying the solar glass industry in China.

In 2019 the Company executed a binding terms sheet with Urban to jointly exploit Urban's Silica Sand deposit located on mining lease M70/326² in Bullsbrook, Western Australia. Urban has operated the mine for the last ten years and produced over 1Mt of sand for the domestic market from the deposit in the last two years. Prior to commencing the exports ASQ and Urban will need to finalise a formal joint venture agreement in accordance with the binding 2019 terms sheet.

ASQ have completed a JORC 2012 Inferred Mineral Resource totalling 10.7 million tonnes on the raw sand at Urban's Maralla Road tenement M70/326 (ASQ (2020). Marella Road Silica Sand Deposit Maiden Resource. ASX release 23 April 2019 & Silica Sand Testwork. ASX Release 29 January 2020).

ASQ will need to secure bulk export berth access along with near-port stockpile storage facilities. ASQ has been engaged with the relevant Port Authorities over several years as the silica sand project developed and the likelihood of achieving sales agreements increased. Both the Fremantle Port Authority (Kwinana Port) and the Southern Port Authority (Bunbury Port) have recently advised there is no available export capacity (ASQ (2022). *Update on Kwinana Port Access for Silica Sand Export*. ASX Release 28 April 2022).

ASQ and C&D are working together to explore alternative port options.

SOUTH STIRLING NICKEL COPPER PROJECT – ALBANY FRASER BELT, WESTERN AUSTRALIA

ASQ has secured a strategic landholding position in the Biranup Zone of the Albany-Fraser Orogeny located in the south-west of Western Australia in the shires of Plantagenet and the City of Albany (see Figure 5 & 6) following the identification of an anomalous historic drill hole with elevated Ni, Cu and Cr (ASQ (2020). *Exploration Update*. ASX Release 23 September 2020).

The Company considers the project area has the potential for Nickel-Copper magmatic sulphide mineralisation associated with mafic-ultramafic intrusions emplaced into granulite facies country rocks.

The Company twinned the anomalous historic drillhole completed by Iluka Resources Limited ("Iluka") by way of a single vertical aircore hole SS001 (Figure 6). The Iluka hole (W00324) returned an end of hole assay of 1.5m at 0.79% Ni, 934 ppm Cu from 28.5m. Iluka recorded the rock type as saprolite suggesting fresh basement rocks had not been reached. ASQ's SS001 was terminated at 52m due to difficult drilling conditions prior to intersecting fresh basement rock.

The encouraging assay results from SS001 include intersections; 12m from 26m @ 0.70% Ni and 0.06% Cu, within 21m from 21m @ 0.59% Ni and 0.05% Cu with maximum recorded values of 9,237ppm (0.92%) Ni from 28-30m and 1,007ppm Cu from 38-42m consistent with the previously reported Iluka result. (ASQ (2022) *South Stirling Ni/Cu Project – Positive Drilling Results*. ASX Release 11 June 2022).

Petrography and mineralogy descriptions of selected drill chips show the mineralisation to occur in nickeliferous siderite with common evidence of concentrations of predominantly weathered Ni/Cu/Fe sulphide minerals. The association of siderite with sulphides is thought to be highly unusual and although the exact style of mineralisation is not known, it is likely the mineralised zone represents transported or in situ material formed within a local structural boundary such as the nearby WSW/ENE orientated major fault mapped by the Geological Survey of Western Australia (Figure 6).

The indication that significant concentrations of nickel and copper are present and may be associated with the numerous linear structures found within the project area is encouraging and potentially points to the faults acting as conduits for the movement of metals from any sulphide rich intrusions present within the basement sequence.

ASQ's drilling was limited to the road reserve due to land access restrictions where it was possible to twin the anomalous Iluka hole. ASQ will continue efforts to establish neighbouring land access in order to further assess this anomaly.

ASQ continues to actively seek joint venture partners for strategic involvement in the South Stirling Project and continues to follow up a number of approaches from major mining companies. With +100km in length of the Albany Fraser Mobile Belt - Biranup Zone secured by +1,600km² of 100% owned tenements, the scale and prospectivity of the Project presents a rare opportunity for a motivated group to get involved.

1. The Fortune Global 500, also known as Global 500, is an annual ranking of the top 500 corporations worldwide as measured by revenue. The list is compiled and published annually by Fortune Magazine.
2. Mining lease M70/326 is held by Stefanelli Developments Pty Ltd. An agreement between Urban and Stefanelli grants Urban the exclusive right to conduct mining on M70/326 subject to an owner royalty and options up to 30 June 2022. Negotiations are continuing to extend the agreement for an additional 5 years to 30 June 2027.

Directors' Report cont.

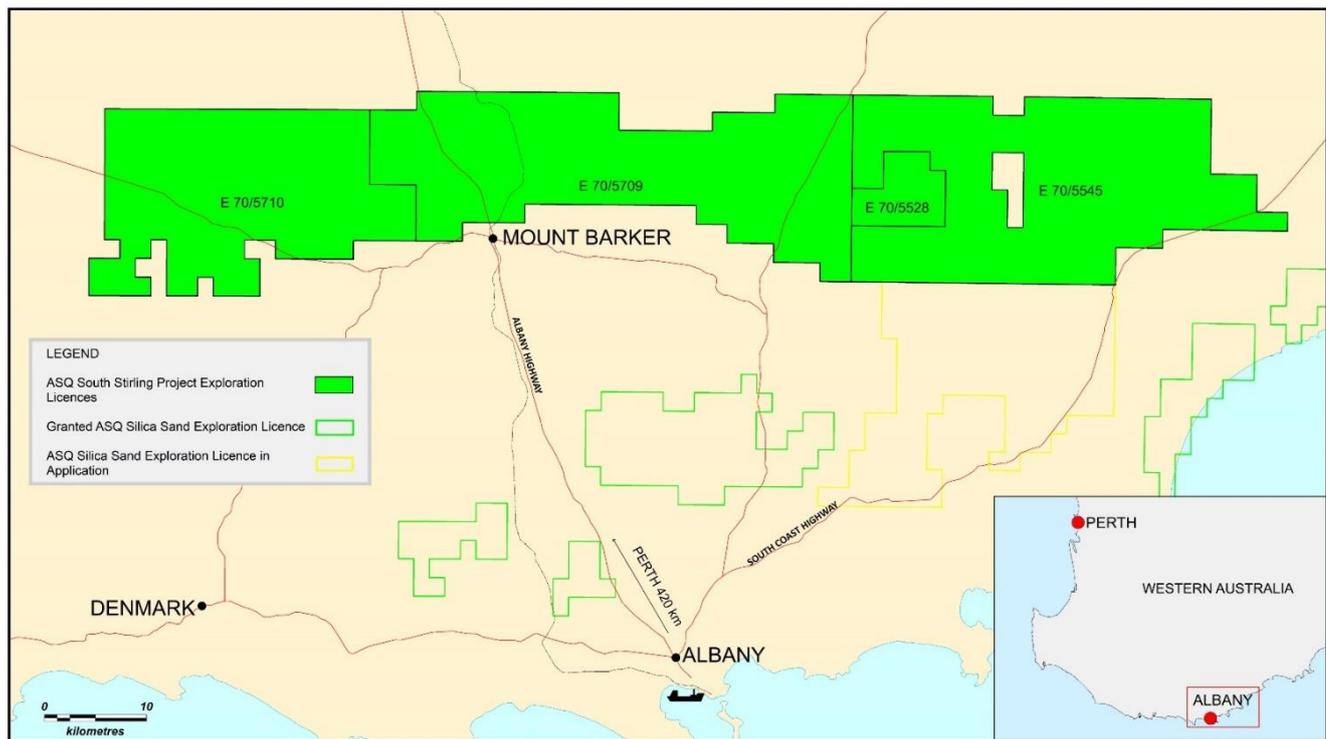


Figure 7: South Stirling Project Location Plan with ASQ silica sand tenements shown for context, (Competitor leases not shown)

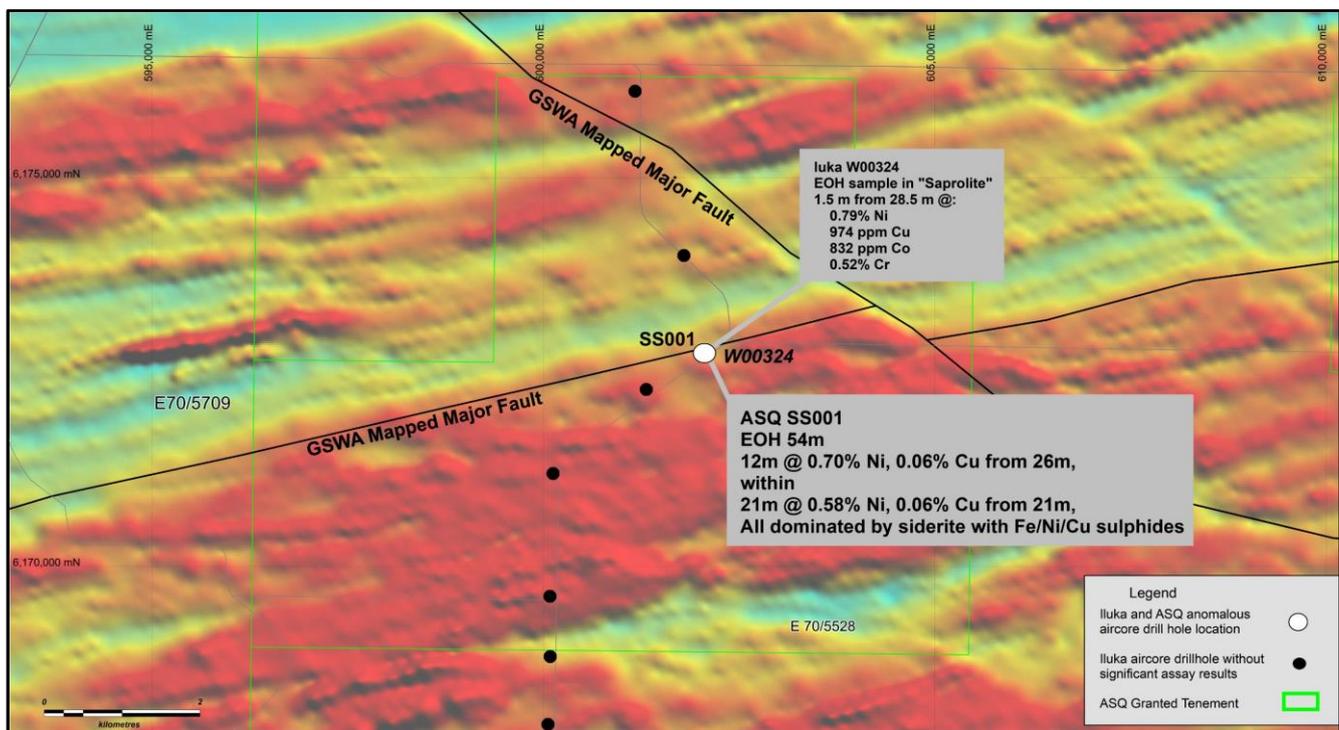


Figure 8: ASQ aircore drill hole SS001 location plan with Historic Iluka drill holes shown on the reduced to pole (RTP) aeromagnetic image (note the mapped Major Faults, locations of these are expected to be approximate)

Directors' Report cont.

HIGH PURITY SILICA - HARDROCK QUARTZ PROJECTS

The Company has one granted exploration licence in Western Australia and three granted exploration permits in Far North Queensland with known quartz occurrences with the potential to contain high purity silica. These leases cover 286km² in total.

Testwork of rock chip samples from the Western Australian Lake Seabrook Project has returned grades of 99.98% SiO₂ and ASQ Far North Queensland rock chip sampling on granted tenements has returned results up to 99.99% SiO₂ after acid washing (ASQ (2021). *Hardrock High Purity Quartz and Silica Update – Revised. ASX Release 15 December 2021*).

A Research and Development program has been underway utilising samples collected from the Company's tenement package. The program involves comparing innovative processing techniques with conventional methods with the aim of producing a high purity product ("HPQ") from ASQ's existing prospects. Testwork to date indicates the innovative processing flowsheet developed by ASQ's HPQ R&D program compares favourably to conventional processing methodology (ASQ (2021). *Hardrock High Purity Quartz and Silica Update – Revised. ASX Release 15 December 2021*). Recent work has focused on the fine tuning of the process parameters and on the commercialisation of the process flowsheet to make it suited to large scale industrial production.



BAUXITE EXPLORATION ACTIVITIES UNDERTAKEN UNDER THE JOINT VENTURE WITH HD MINING

In 2010 the Company entered into a JV with HD Mining & Investment Pty Ltd (HD Mining) a wholly-owned subsidiary of the Shandong Bureau No1 Institute for Prospecting of Geology & Minerals (Shandong) to explore for bauxite. The JV provides for HD Mining to fund 100% of exploration and feasibility costs for HD Mining to earn:

- (a) a 40% interest in any defined area of exploration on the making a binding commitment by HD Mining to undertake a detailed feasibility study for the commercial mining of the defined area; and
- (b) a further 20% interest in a defined area upon completion of the feasibility study and the making by the JV committee of a decision to commence mining.

The current JV bauxite resource inventory stands at 71.3Mt of Inferred Mineral Resource (refer full detail in the 23 April 2018 Announcement – 48% increase in Bauxite Resource at Ceres Deposit in Darling Range, WA).

ASQ and HD Mining continue to evaluate the potential for economic development of the Dionysus and the combined Ceres/Athena resource areas (Athena: 36.2Mt, 32.8% available alumina, 2.8% reactive silica, Dionysus: 20.3Mt, 32.6% available alumina, 3.4% reactive silica, Ceres 21.9Mt, 31.4% available alumina, 3.2% reactive silica (ASQ (2020). 48% increase in Bauxite Resource at Ceres Deposit in Darling Range, WA. ASX Release 23 April 2018).

Directors' Report cont.

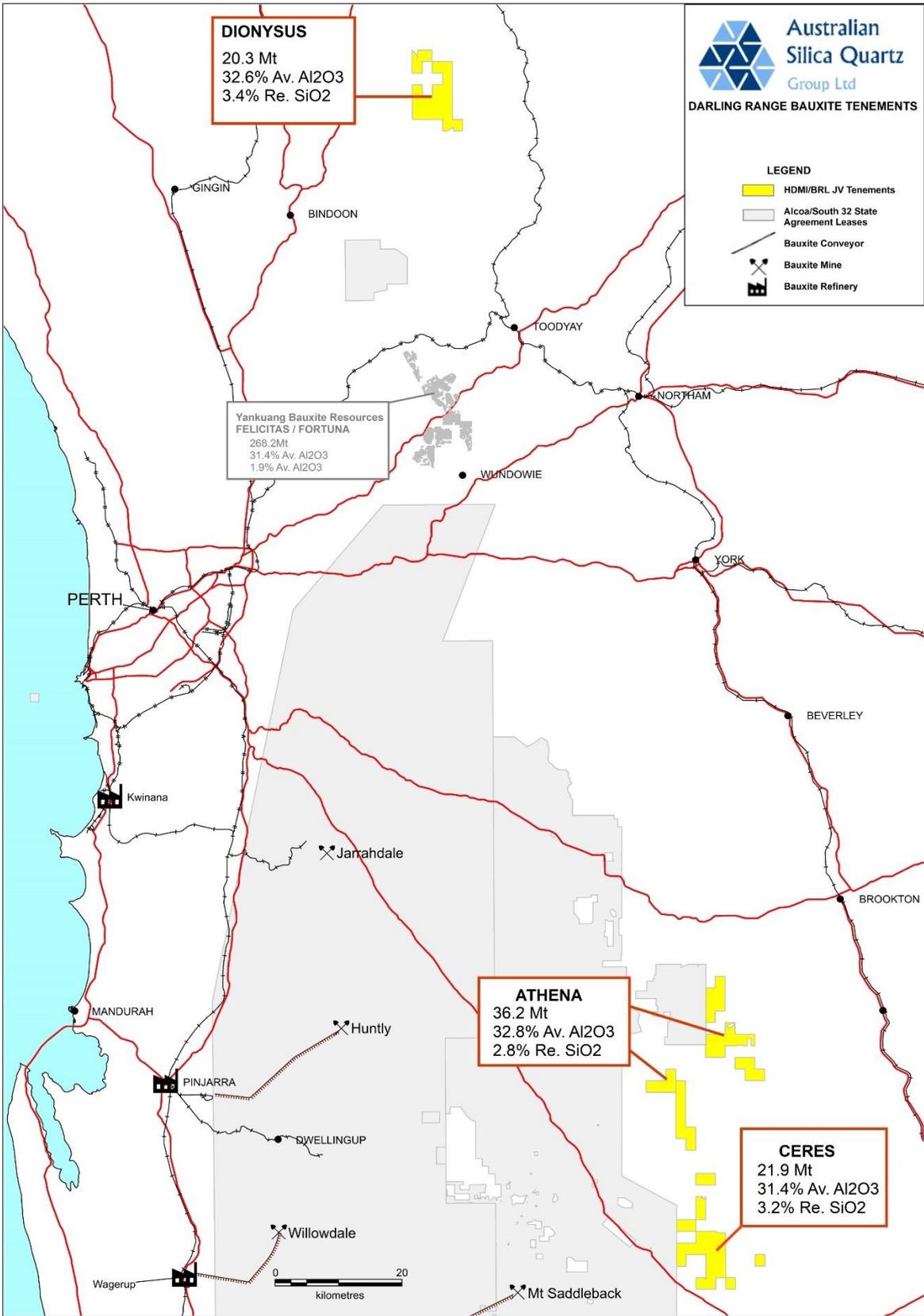


Figure 9: ASQ/HD JV Mining Darling Range bauxite tenement holding and resource locations

Directors' Report cont.

CORPORATE

Australian Silica Quartz Group is in a strong financial position with significant cash reserves and no debt. At 31 December 2022, the Company held AU\$3.896 million in cash.

At 31 December 2022, the Company had 1,262 shareholders and 281,660,377 fully paid ordinary shares on issue with the top 20 shareholders holding 62% of the total issued capital.

The Company has 8,666,669 Performance Rights on issue at 31 December 2022 following shareholder approval in December 2020. During the half-year 8,666,666 Performance Rights lapsed while on 1 December 2021 8,666,665 Performance Rights were converted into 8,666,665 new fully paid ordinary shares following the required hurdle being achieved. The remaining tranche of Performance Rights will convert into 8,666,669 fully paid ordinary shares over the next year if the performance hurdles are achieved.

The Board will continue to focus on its Silica and Bauxite Projects, the Koolyanobbing Metals Project, the Julimar ASQ/Devex Joint Venture and seek to enhance the value of these and its South Stirling Ni/Cu Project through exploration and development activities. It will continue to manage the Company in the best manner in which to maximise returns to shareholders.

COVID-19 has not had a material impact on the operation or financials of the business during the half-year.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 12 for the half-year ended 31 December 2022.

Signed in accordance with a resolution of the directors.



Robert Nash
Chairman

Perth, 2 March 2023

Competent Persons Statement

The information in this report that relates to the bauxite and silica sand resource base as a whole and the silica sand product specifications and testwork, was compiled by Nick Algie. Mr Algie is a qualified geologist and a full time employee of ASQ. He is a shareholder in ASQ and is entitled to participate in ASQ's employee performance plan, details of which are included in ASQ's 2022 Remuneration Report. Mr Algie is a member of the Australian Institute of Mining and Metallurgy, and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Algie has consented to the inclusion in this report of material in the form and context in which it appears.

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF AUSTRALIAN SILICA QUARTZ GROUP LTD**

As auditor for the review of Australian Silica Quartz Group Ltd for the half-year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review, and
- b) no contraventions of any applicable code of professional conduct in relation to the review.



SUAN-LEE TAN
PARTNER



MOORE AUSTRALIA AUDIT (WA)
CHARTERED ACCOUNTANTS

Signed at Perth this 2nd day of March 2023.

Statement of Profit or Loss and Other Comprehensive Income

Half-Year Ended 31 December 2022

	Notes	Consolidated Group	
		31 December 2022 \$	31 December 2021 \$
Continuing operations			
Recoupment of exploration costs	2	53,134	74,940
Other income	2	23,877	44,651
Interest income	2	56,363	10,169
Employee benefits expense		(128,419)	(95,171)
Exploration expenses as incurred	3	(876,323)	(367,821)
Administration expenses		(331,214)	(326,741)
Depreciation and amortisation expense		(1,534)	(1,745)
Share-based payments expense		(214,072)	(457,401)
Profit / (loss) before income tax		(1,418,188)	(1,119,119)
Income tax expense		-	-
Loss after income tax expense for the half-year		(1,418,188)	(1,119,119)
Other comprehensive income			
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income/(loss) for the period		(1,418,188)	(1,119,119)
Loss for the half-year is attributable to:			
Owners of Australian Silica Quartz Group Ltd		(1,418,188)	(1,119,119)
Earnings per share			
From continuing operations:			
Basic earnings per share (cents)		(0.51)	(0.42)
Diluted earnings per share (cents)		(0.51)	(0.42)

The above statements should be read in conjunction with the notes to the financial statements.

Statement of Financial Position

At 31 December 2022

	Notes	Consolidated Group	
		31 December 2022 \$	30 June 2022 \$
CURRENT ASSETS			
Cash and cash equivalents		3,895,998	4,762,381
Trade and other receivables		123,764	176,208
TOTAL CURRENT ASSETS		4,019,762	4,938,589
NON CURRENT ASSETS			
Other financial assets		204,000	204,000
Property, plant and equipment		2,272,172	2,273,189
TOTAL NON CURRENT ASSETS		2,476,172	2,477,189
TOTAL ASSETS		6,495,934	7,415,778
CURRENT LIABILITIES			
Trade and other payables		79,873	90,598
Provisions		69,283	51,917
TOTAL CURRENT LIABILITIES		149,156	142,515
TOTAL LIABILITIES		149,156	142,515
NET ASSETS		6,346,778	7,273,263
EQUITY			
Contributed equity	5	60,289,696	60,012,065
Reserves		1,987,009	1,772,937
Retained earnings / (accumulated losses)		(55,929,927)	(54,511,739)
TOTAL EQUITY		6,346,778	7,273,263

The above statements should be read in conjunction with the notes to the financial statements.

Statement of Changes in Equity

Half-Year Ended 31 December 2022

Consolidated Group	Notes	Issued Ordinary Capital	Option Reserve	Retained Earnings	Total
		\$	\$	\$	\$
Balance at 1 July 2021		59,496,106	1,604,882	(52,733,371)	8,367,617
Loss for the period		-	-	(1,119,119)	(1,119,119)
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		-	-	(1,119,119)	(1,119,119)
Performance Rights Vested		523,450	(523,450)	-	-
Share issue costs		(7,491)	-	-	(7,491)
Performance rights value for the period		-	457,401	-	457,401
Balance at 31 December 2021		60,012,065	1,538,833	(53,852,490)	7,698,408
Balance at 1 July 2022		60,012,065	1,772,937	(54,511,739)	7,273,263
Loss for the period		-	-	(1,418,188)	(1,418,188)
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		-	-	(1,418,188)	(1,418,188)
Shares issued during the half-year		280,000	-	-	280,000
Share issue costs		(2,369)	-	-	(2,369)
Performance rights value for the period		-	214,072	-	214,072
Balance at 31 December 2022		60,289,696	1,987,009	(55,929,927)	6,346,778

The above statements should be read in conjunction with the notes to the financial statements.

Statement of Cash Flow

Half-Year Ended 31 December 2022

	Notes		Consolidated Group	
			31 December 2022	31 December 2021
			\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers			85,974	120,051
Payments to suppliers and employees			(481,030)	(436,709)
Payments for exploration expenditure			(516,142)	(336,571)
Interest received			47,701	10,210
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES			(863,497)	(643,019)
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for security deposit			-	(4,000)
Payments for property, plant and equipment			(517)	-
NET CASH INFLOW/ (OUTFLOW) FROM INVESTING ACTIVITIES			(517)	(4,000)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from the issue of shares			-	-
Capital raising costs			(2,369)	(7,491)
NET CASH INFLOW/ (OUTFLOW) FROM FINANCING ACTIVITIES			(2,369)	(7,491)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS			(866,383)	(654,510)
Cash and cash equivalents at the beginning of the half-year			4,762,381	5,836,378
CASH AND CASH EQUIVALENTS AT THE END OF THE HALF-YEAR			3,895,998	5,181,868

The above statements should be read in conjunction with the notes to the financial statements.

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This financial report includes the consolidated financial statements and notes of Australian Silica Quartz Group Ltd and controlled entities ("Consolidated Group" or "Group"). The financial statements were authorised for issue by the directors of the Company.

Basis of preparation

This general purpose financial report has been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of the Group. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2022, together with any public announcements made during the following half-year. The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

The Group has considered the implications of new or amended Accounting Standards, but determine that their application to the Financial Statements is either not relevant or not material.

2. REVENUE

	Consolidated Group	
	31/12/2022	31/12/2021
	\$	\$
Reimbursement of exploration costs	53,134	74,940
Other revenue	23,877	44,651
Interest	56,363	10,169
	133,374	129,760

3. PROFIT/(LOSS) FOR THE HALF-YEAR

Expenses

	Consolidated Group	
	31/12/2022	31/12/2021
	\$	\$
Exploration expenditure	546,323	367,821
Exploration expenditure – Netley Minerals Pty Ltd tenement acquisition costs	330,000	-
Total exploration expenditure	876,323	367,821
Lease payments	16,410	16,410

4. OPERATING SEGMENTS

The Consolidated Group has adopted AASB 8 Operating Segments with effect from 1 July 2009. AASB 8 which requires operating segments to be identified on the basis of internal reports about components of the Consolidated Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. The Consolidated Group operates in one operating segment and one geographical segment, being mineral exploration in Australia. This is the basis on which internal reports are provided to the Directors for assessing performance and determining the allocation of resources within the Consolidated Group.

Notes to the Financial Statements cont.

5. CONTRIBUTED EQUITY

	Notes	31/12/2022		31/12/2021	
		Number of securities	\$	Number of securities	\$
(a) Share capital					
Ordinary shares fully paid	5b		60,289,696		60,012,065
Total contributed equity			<u>60,289,696</u>		<u>60,012,065</u>
(b) Movements in ordinary share capital					
Beginning of the half-year		276,660,377	60,012,065	267,993,712	59,496,106
Issued during the half-year:		5,000,000	280,000	8,666,665	523,450
Less: Transaction costs		-	(2,369)	-	(7,491)
End of the half-year		<u>281,660,377</u>	<u>60,289,696</u>	<u>276,660,377</u>	<u>60,012,065</u>

(c) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

(d) Share Based Payments

During the financial period 8,666,666 Tranche 2 Performance Rights lapsed following 8,666,665 Tranche 1 Performance Rights that were vested after meeting the hurdles and were issued on the 1 December 2021. As at the date of this report the following Performance Rights issued to Directors and Staff were on issue at 31 December 2022:

8,666,669 Tranche 3 Performance Rights

The Performance Rights shall vest as follows:

Tranche 3 Performance Rights: upon the Company's Shares reaching a 30 day VWAP which is greater than \$0.202 per Share anytime during the period from 1 December 2022 to 30 November 2023; and continuous service of the Performance Rights holder in their capacity as a Director or Executive of the Company, or in a role as otherwise agreed by the Board of the Company, from the date of issue of the Performance Rights to 30 November 2023.

On 11 August 2022 the Company announced that it had signed an Acquisition Agreement to acquire tenements and rights from Netley Minerals Pty Ltd ('Netley'). Included in the terms of this agreement is a contingent liability that the Company is to issue up to 1,500,000 performance shares converting into \$1.5 million worth of fully paid ordinary shares to Netley at the 30 day VWAP price of ASQ shares at the time of the conversion or \$0.10 per share whichever is higher. There are 4 hurdles of which the first 3 hurdles to be achieved will each trigger 1/3 of the Performance Shares to be converted into fully paid ordinary shares. At this stage the probability of meeting the performance criteria is remote and the fair value of the Performance Shares has been assessed as nil.

Hurdles as follows:

- Gold Hurdle – Performance Shares to the maximum value of \$500,000 will vest and be able to be converted into ordinary shares on the delineation of a JORC compliant (2012 edition) Inferred Mineral Resource Estimate of 50,000 ounces of contained gold at a minimum grade of 0.5g/t Au within any one or more of the Tenements comprising the Koolyanobbing Greenstone Belt Project. The number of shares to which the Performance Shares convert will be based off the volume weighted average share price of the Company over 20 consecutive days on which shares are traded, immediately prior to satisfaction of the Gold hurdle or \$0.10 per share, whichever is the higher;
- Nickel Hurdle – Performance Shares to the maximum value of \$500,000 will vest and be able to be converted into ordinary shares on the delineation of a JORC compliant (2012 edition) Inferred Mineral Resource Estimate of 4.0 Kt of contained nickel at a minimum grade of 0.5% Ni within any one or more of the Tenements comprising the Koolyanobbing Greenstone Belt Project. The number of shares to which the Performance Shares convert will be based off the volume weighted average share price of the Company over 20 consecutive days on which shares are traded, immediately prior to satisfaction of the Nickel hurdle or \$0.10 per share, whichever is the higher;

Notes to the Financial Statements cont.

- (c) Lithium Hurdle – Performance Shares to the maximum value of \$500,000 will vest and be able to be converted into ordinary shares on the delineation of a JORC compliant (2012 edition) Inferred Mineral Resource Estimate of 1,100 tonnes of contained lithium at a minimum grade of 1.0% Li₂O within any one or more of the Tenements comprising the Koolyanobbing Greenstone Belt Project. The number of shares to which the Performance Shares convert will be based off the volume weighted average share price of the Company over 20 consecutive days on which shares are traded, immediately prior to satisfaction of the Lithium hurdle or \$0.10 per share, whichever is the higher; and
- (d) Copper Hurdle – Performance Shares to the maximum value of \$500,000 will vest and be able to be converted into ordinary shares on the delineation of a JORC compliant (2012 edition) Inferred Mineral Resource Estimate of 270 Mlbs of contained copper at a minimum grade of 0.5% Cu within any one or more of the Tenements comprising the Koolyanobbing Greenstone Belt Project. The number of shares to which the Performance Shares convert will be based off the volume weighted average share price of the Company over 20 consecutive days on which shares are traded, immediately prior to satisfaction of the Copper hurdle or \$0.10 per share, whichever is the higher

6. CONTINGENCIES

On 17 January 2019 the Company announced that it had executed a Term Sheet with Urban Resources for operating a direct shipping ore export venture. Included in the terms of this agreement is a contingent liability that the Company has to issue shares to Urban Resources if the following milestones are achieved.

- (a) commercially profitable shipments of 20,000 tonnes of silica sand from the Urban Resources Bullsbrook mine through the Fremantle Port to an overseas customer being completed. To receive a payment in shares in the Company equivalent to \$250,000 based on the 7 day VWAP on completion of the milestone; and
- (b) commercially profitable shipments of 20,000 tonnes of silica sand through the Albany Port to an overseas customer being completed. To receive a payment in shares in the Company equivalent to \$250,000 based on the 7 day VWAP on completion of the milestone.

Netley acquisition agreement includes in the terms a contingent liability that the Company has to issue up to 1,500,000 performance shares as detailed in Note 5(d). In addition to the Performance Shares ASQ agrees to pay to Netley a 1% net smelter royalty in respect of any minerals mined from the area within the boundaries of the Acquisition Tenements (for the avoidance of doubt excluding quartz and iron) and in respect of gold mined by the Purchaser on E77/2644 ('Royalty') on the terms and conditions set out in the royalty deed.

7. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

There have been no events that have arisen since 31 December 2022 which have significantly affected, or may significantly affect the operations of the Group, the result of those operations, or the state of affairs of the Group in subsequent financial years.

Directors' Declaration

In the opinions of the directors' of Australian Silica Quartz Group Ltd (the "Company"):

1. the financial statements and notes as set on pages 13 to 19, are in accordance with the Corporations Act 2001, including:
 - a. complying with Accounting Standard AASB 134: Interim Financial Reporting; and
 - b. giving a true and fair view of the Company's and the consolidated entity's financial position as at 31 December 2022 and of their performance for the half-year ended on that date;
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Robert Nash
Chairman

Perth, 2 March 2023

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF AUSTRALIAN SILICA QUARTZ GROUP LTD

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Australian Silica Quartz Group Ltd (the company) and its controlled entities (the group or consolidated entity), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the company is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with Auditing Standards on Review Engagements *ASRE 2410: Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibility of the Directors for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF AUSTRALIAN SILICA QUARTZ GROUP LTD (CONTINUED)**

Auditor's Responsibility

Our responsibility is to express a conclusion on the financial report based on our review. ASRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the financial report is not in accordance with the *Corporations Act 2001* including:

- c) giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 and its performance for the half-year ended on that date; and
- d) complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



SUAN-LEE TAN
PARTNER



MOORE AUSTRALIA AUDIT (WA)
CHARTERED ACCOUNTANTS

Signed at Perth this 2nd March 2023